

Millennium Challenge Corporation

Transmittal

Memorandum for the Sixth Edition of the MCC Program Procurement Guidelines (PPG)

October 23, 2009



MILLENNIUM
CHALLENGE CORPORATION
UNITED STATES OF AMERICA

The MCC is pleased to announce the release of the Sixth Edition of the MCC Program Procurement Guidelines (Guidelines) in accordance with Mrs. Frances Reid's approval.

After extensive consultations with MCC field staff, MCA entities and others, we have made a number of significant changes to the Guidelines to include but not limited to:

1. Incorporation of Program Procurement Guidance Papers. All but one of the current Program Procurement Guidance Papers have been incorporated into the new edition of the Guidelines. The substance of each Guidance Paper has been incorporated into the Guidelines as follows:

- **MCC Guidance on Advertising Procurement Opportunities, Awards, and Cancellations.** The substance of this Guidance Paper was already part of the Guidelines.
- **MCC Guidance on Business Language.** The substance of this Guidance Paper is in paragraphs P1.A.2.15, P1.B.1.18 and a new Part 9 of the Guidelines, "Language."
- **MCC Guidance on the Choice of Contract Types.** The substance of this Guidance Paper is in a new Part 11, "Choice of Contract Types."
- **MCC Guidance on Contract Payments.** The substance of this Guidance Paper is in paragraphs P1.A.2.34 through 2.48 and P1.B.4.9 through 4.21.
- **MCC Guidance on Currency Use and Risk.** The substance of this Guidance Paper is in paragraphs P1.A.2.31 through 2.37 and P1.B.4.7 through 4.12.
- **MCC Guidance on Excluded Parties Verification Procedures in MCA Entity Program Procurements.** The substance of this Guidance Paper is in a new Part 10 of the Guidelines, "Eligibility Verification Procedures."
- **MCC Guidance on Hiring the Procurement Director.** The substance of this Guidance Paper is in a new Attachment 3, Director of Procurement – Model Position Description."
- **MCC Guidance on Organizing Technical Evaluation Panels.** The substance of this Guidance Paper is in Attachment 14, "Bid Review and Technical Evaluation Panels."
- **MCC Guidance on Over-Specification in the Procurement of Goods.** The substance of this Guidance Paper is in paragraphs P1.A.2.22 through 2.24.

- **MCC Guidance on Preparing the Procurement Performance Report.** The substance of this Guidance Paper is part of a revised Part 2, “Procurement Planning, Implementation, and Reporting.”
- **MCC Guidance on Procurement Implementation Plans.** The substance of this Guidance Paper is also part of Part 2, “Procurement Planning, Implementation, and Reporting.”
- **MCC Guidance on Procurement Plans, Amendments, and General Procurement Notices.** The substance of this Guidance Paper is also part of Part 2, “Procurement Planning, Implementation, and Reporting.” Paragraphs 1.17.1 and 1.17.2 of Section 1.A and paragraphs 1.24.1 through 1.24.3 of Section 1.B which dealt with procurement plans were deleted.
- **MCC Guidance on Property Leasing.** The substance of this Guidance Paper is in a new Part 12, “Property Leasing.”
- **MCC Guidance on Requesting Waivers of the MCC Program Procurement Guidelines.** The substance of this Guidance Paper is in Part 7, “Amendments and Waivers.”
- **MCC Guidance on the Bid Challenge System.** The substance of this Guidance Paper is in Part 5, “Bid Challenge System.”
- **MCC Guidance on the Price-Reasonableness Analysis.** The substance of this Guidance Paper is in paragraphs P.1.A.1.18 and P.1.B.1.23 and a new Attachment 11, “Guidance on the Price-Reasonableness Analysis.”
- **MCC Guidance on Writing and Reviewing Terms of Reference.** The substance of this Guidance Paper is in a new Attachment 7, “Guidance on Writing and Reviewing Terms of Reference.”

2. Purpose and Scope. This section has been modified to clarify that the Guidelines:

- (a) also apply to and grant and implementation agreements entered into pursuant to Section 609(g) of the Millennium Challenge Act unless the MCC agrees to alternative procurement procedures; and
- (b) do not apply to MCC Threshold programs.

3. Authorities.

A new section on Authorities has been added. This section incorporates, by reference, MCC policies and procedures on Past Performance; Cost Principles; Fraud and Corruption; and MCC Guidelines for Accountable Entities and Implementation Structures. This section also shall clarify that other Federal Government Regulations, Standards and other guidance do not apply to procurements under the Guidelines.

4. Format. The sub-sections and paragraphs in each part have been reformatted to include a reference to the Part and Section, e.g. paragraph 1.1 of Section 1.A is now formatted as P1.A.1.1. Paragraphs and sub-sections can now be referred just by the number of the provision without having to identify the Part and Section.

5. References to MCC. The mandatory language when referring to MCC in procurement documents has been changed and should be used in all procurement documents when referring to the MCC, unless the MCC approves other language.

6. Fraud and Corruption. MCC's "Policy on Preventing, Detecting, and Remediating Fraud and Corruption in MCC Operations" has been specifically made part of the Guidelines and is referenced in the provisions on fraud and corruption.

7. Past Performance. The MCC Guidance on "Reporting and Considering Past Performance by Contractors in MCA Entity Program Procurements" continues to be in effect and is incorporated by referenced into the Guidelines in the "Authorities" section.

Part 1: Part 1 has been revised concerning Conduct and Administration of Procurements.

Section 1.A: includes Program Procurement Guidelines: Procurement of Goods, Works, and Non-Consulting Services.

Section 1.B: includes Program Procurement Guidelines: Procurement of Consultants and Consultant Services.

Part 1.A:

Bidding Documents

P1.A.2.12 The MCA Entity shall use the appropriate Standard Bidding Documents ("**SBDs**") made available by MCC pursuant to Part 3 of these Guidelines. The SBDs may be modified to address Project-specific conditions, subject to approval by MCC when the change is material. To the extent possible, such changes shall be introduced through the Bid Data Sheets ("**BDSs**"), Appendix to Bid or through the Special Conditions of Contract ("**SCC**") and not by introducing changes in the General Conditions of Contract ("**GCC**").

Over-Specification

Pricing

P1.A.2.25 Unless otherwise specified in the solicitation documents, bids for goods shall be invited on the basis of (a) CIP¹ for all goods manufactured abroad, including those previously imported, and (b) EXW² for goods manufactured or assembled in the country of the MCA Entity, plus the cost of inland transportation and

insurance to the place of destination.

Advance Payments

P1.A.2.44 In all cases where advance payments are authorized, including payment made upon signature of a contract for goods, works, or non-consultant services, an advance payment security guarantee is required. This security shall be provided in an appropriate form and amount, as specified by the MCA Entity in the bidding document.

Evaluation and Comparison of Bids

P1.A.2.62 The purpose of bid evaluation is to determine the price to the MCA Entity of each bid in a manner that permits a comparison on the basis of their evaluated price. Subject to Paragraph P1.A.2.70 of Section 1.A of these Guidelines, the bid with the lowest evaluated price but not necessarily the lowest submitted price shall be selected for award. (Design/Build Works Procurements using QCBS procurement process shall be evaluated in compliance with Paragraph B.2.9 through B.2.14.)

P1.A.2.66 Bid evaluation for works shall be based solely on bid price. Any evaluation procedure under which bids above or below a predetermined project cost estimate are automatically disqualified is not acceptable.

Extension of Validity of Bids

P1.A.2.69 ...Whenever an extension of bid validity period is requested, bidders shall not be requested or be permitted to change the quoted (base) price or other conditions of their bid, unless specified in the bidding documents. Bidders shall have the right to refuse to grant such an extension.

Direct Contracting

P1.A.3.6 For all procurements valued above 5,000USD, the MCA Entity, after the contract signature, shall post at the MCA Entity's website or such appropriate website designated by the MCA Entity and approved by MCC, at *dgMarket* and at *UNDB Online* the name of the contractor, price, duration, and summary scope of the direct contract.

Part 1.B:

Consultant Conflicts of Interest

P1.B.1.7 The paragraph has been amended to clarify that the consultants themselves cannot have a conflict and to include members of the Board of Directors of the MCA Entity, Procurement Agents and Fiscal Agents as prohibited relationships.

In addition, a new paragraph P1.B.1.7 (d) has been added. It limits consultant remuneration, prohibits conduct that conflicts with the interest of the MCA Entity and requires that the contract shall include provisions limiting future engagement of the consultant.

Consultant Unfair Competitive Advantage

P1.B.1.8 This has been amended to permit disqualification of a consultant with the potentially unfair advantage where it is inappropriate or impractical to release information sufficient to cure a potential unfair advantage.

MCC Review, Assistance, and Monitoring

P1.B.1.14 This paragraph has been amended to permit the MCC to reserve the right to review and approve deliverables in certain situations.

Budget

P1.B.2.3 has been amended to require that the budget (i) be carefully considered during the preparation of the Procurement Plan; (ii) correspond to the funds available in the fiscal accountability plan for that sector and the activity; and (iii) be used by the MCA Entity in determining the procurement methodology.

Percentage Contract

P1.B.4.4 Therefore, the use of such a contract for architectural services is recommended only if it is based on a fixed target cost and covers precisely defined services

Indefinite Delivery and Indefinite Quantity Contract

P1.B.4.5 Indefinite Delivery and Indefinite Quantity (“*IDIQ*”) contracts are used when the MCA Entity requires goods, simple works, and/or services to which delivery and quantity cannot be defined in advance. The IDIQ contract should have a period of performance of at least a year or more.

Professional Liability

P1.B.4.25 If the parties wish to limit the consultant’s liability to the MCA Entity, this must be provided for in the contract.

Part 2

The title of Part 2 has been changed to “Procurement Planning, Implementation, and Reporting.” Part 2 has been completely revised to combine in one place the requirements for Procurement Plans, Procurement Implementation Plans, Cumulative Procurement Performance Reports, and the Contractor Past Performance Reporting System. The provisions on forms in the old Part 2 was moved to a new Part 13, entitled “Records and

Post Review.”

Period Covered

P2.1.3 Each Procurement Plan will cover a specific minimum period of time, which shall be at least six (6) months in duration (longer periods are strongly encouraged where appropriate), and shall be updated, at a minimum, every six (6) months.

Direct Contracting/Sole Source Procurement

P2.1.6 Except for sole source procurements of individuals to serve as evaluation panel members, all direct contracting or sole-source selection above 5,000USD shall be listed and approved in the Procurement Plan with a justification for the direct contracting or sole-source selection recommendation as a prerequisite before initiating any procurement activity. For those exceeding 25,000USD MCC’s approval of this justification is required. For Individual Consultant evaluation panel member sole source procurements, the threshold requiring MCC prior approval is procurements valued at more than 25,000USD.

Amendment

P2.1.7 If the MCA Entity determines that a material change from the approved Procurement Plan is necessary or appropriate, the MCA Entity shall propose an amendment and secure approval from MCC *before* beginning the new or changed procurement action. The MCA Entity *shall* submit an amended Procurement Plan whenever new procurements are planned. Updates adding or increasing the value of a particular procurement by 25,000USD or more shall be submitted to MCC for its approval. Any material change to the Procurement Plan must also be adopted by the governing body of the MCA Entity. Examples of material changes are initiating procurement actions that are not in the Procurement Plan, changing the procurement method, significantly increasing or decreasing the budget of procurement, or increases in the estimate/ budget allocation above the threshold for the designated method of procurement. If MCC approves the amendment, the MCA Entity shall comply with any instructions contained in the approval, including any publication requirements (e.g. update of the GPN).. See Attachment 6 for Sample Procurement Plan Amendment Form.

P2.1.8 If a particular procurement results in the recommendation for award at a price significantly higher than the budgeted amount in the approved Procurement Plan, the MCA Entity will not amend the Procurement Plan, but will ensure the documentation submitted for approval of the resulting proposed award explicitly identifies the difference between the budgeted and proposed award values.

Contents and Organization

P2.2.2 Attachment 7 now includes Guidance on Writing and Reviewing Terms of Reference (TOR) to these Guidelines. Attached is a sample Procurement Implementation Plan (PIP).

Part 7 Amendments and Waivers

The title of Part 7 has been changed to “Amendments and Waivers.” In addition, paragraph (b) of Part 7 which dealt with language exceptions was moved to the new Part 9, Language.

7.1 Amendments

P7.1.1 These Guidelines may be superseded from time to time by the issuance of new editions or may be amended from time to time through the issuance of interim amendments (“Interim Amendments”). Such new editions and Interim Amendments shall apply with prior notice to the MCA Entities or as MCC and any MCA Entity may otherwise agree.

P. 7.1.2 An Interim Amendment is a change to these Guidelines that occurs between editions because it has been determined to be of a significant nature. Among other things, it may introduce improved procedures, correct errors or omissions, or temporarily waive a specific provision of these Guidelines. It typically will apply to all MCA Entities, but if appropriate, may apply only to a subset. Interim Amendments will be announced in an “Interim Amendment Notice” posted on MCC’s website and will take effect on the date specified in the notice. Unless earlier repealed, each Interim Amendment will remain in effect until issuance of the next edition of these Guidelines (or such shorter period as may be specified in the Interim Amendment Notice), at which time the Interim Amendment may be incorporated in the new edition. Material Interim Amendments (as determined by MCC’s Procurement Coordinator) will be approved in accordance with MCC’s *Policy on Creating and Maintaining MCC Policies*. All other Interim Amendments will be approved by MCC’s Procurement Coordinator.

7.2 Waivers

P7.2.1 Generally. On a case-by-case basis, MCC may grant waivers of specific provisions of these Guidelines for a particular procurement. Each waiver shall be in writing and shall be effective only to the extent specifically set forth in such writing. Unless issued as an Interim Amendment, a waiver does not affect permanent change to these Guidelines, but, rather, functions as a one-time exception necessary to support a specific procurement and applies only to the specific MCA Entity requesting the waiver. For example, a waiver may, if justified, be appropriate to permit a shorter solicitation period or to increase the dollar value threshold for using a procurement method.

P7.2.2 Initiation and Required Content Waivers are initiated by the MCA Entity. Waiver requests must include a description of the anticipated impact the waiver would have on the MCA Entity’s procurement activities and the program objectives supported by those procurement activities. It must contain sufficient detail to explain the basis of the request, the procedure(s) to be waived, and any recommended alternative action. The request must also detail why granting such a waiver is in the interest of the country’s Compact program, and why it would

be detrimental to the program if the waiver were denied. See Attachment 10 for a Sample Guidelines Waiver Request Form.

P7.2.3 Review and Approval. All waivers require formal MCC approval prior to implementation. Waiver requests must be submitted by the MCA Entity to the MCC Resident Country Director in country who will forward it to the appropriate MCC Procurement Director. The MCC Procurement Director will make a determination in accordance with the table below on the level of approval within MCC required for the waiver. As noted in the table, the required approval level will depend on the nature of the waiver and its potential impact on the overall MCC procurement policy. Waiver requests may be denied if the MCA Entity's interests in requesting the waiver do not outweigh the interests of proceeding under these Guidelines without variation.

Nature of Requested Waiver	Approver
Minor deviation from the requirements of these Guidelines affecting one MCA Entity	Director, Procurement for country of the requesting MCA Entity
Minor deviation from the requirements of these Guidelines potentially affecting all MCA Entities (e.g., correction of conflict between these Guidelines and SBDs)*	Procurement Coordinator
Significant deviation affecting one MCA Entity (e.g., pilot program for use of insurance bonds instead of bank guarantees)	Deputy Vice President, Compact Implementation
Agency-wide significant change potentially affecting the majority of MCA Entities*	As determined by MCC's <i>Policy on Creating and Maintaining MCC Policies</i>

* Waivers of this nature will result in an Interim Amendment

P7.2.4 Waiver Tracking. Each MCA Entity, either alone or in conjunction with its Procurement Agent, is responsible for maintaining copies in the MCA Entity's procurement files of all waiver requests and the associated MCC approvals/rejections

MCC Approvals. Schedules A and B of Attachment 1, Approval Requirements have been significantly modified.

For both Schedules A and B:

- The "Level of Review" has been changed to "Level of Approval"

- “Quality Based Selection and Selection under Fixed Budget” has been separated in (2) sections, which reflect “Quality Based Selection” and “Fixed Budget Selection”.
- “Selection of Individual Consultants” has been changed to “Individual Consultants”.
- The threshold for MCC review of “Amendments to Procurement Plans” has been amended from “substantial deviation” to only amendments that are “material change.”
- For “Competitive Bidding” under “Technical Evaluation or Review Report with Proposed Award” has been changed to “Bid Review with Proposed Award”.
- For “All Procurement Actions” for both “Goods, Works and Non-Consultant Services and “Consultant Services” the threshold changes are listed below:

MCA Entity Director of Procurement:

- **(Exception:** If approval authority has been delegated to the FIDIC Engineer under and as defined in the applicable bidding documents, only approval of the FIDIC Engineer shall be required for changes within the FIDIC Engineer’s delegated authority)

Governing Body of MCA Entity:

- If individual contract mods/change orders (i) raise a contract which did not require approval above an approval threshold, or (ii) extend the original contract term by 25% or more without an increase in value, or (iii) increase the original contract value by 10% or more.

MCC:

- If individual or collective contract mods/change orders (i) raise the contract value of a contract that did not require approval above an approval threshold, or (ii) extend the original contract term by 25% or more without an increase in contract value or (iii) increase the original contract value by 10% or more. Once the 10% contract mod/change order threshold set in clause (iii) has been reached for a contract, any subsequent contract mods/change orders that individually or collectively exceed 3% of the original contract value will also require MCC approval.

For Schedule A

- For Competitive and Limited Bidding, a new requirement for review of “Bid Review Panel Membership” has been added.
- For Competitive and Limited Bidding, a new requirement for review of “Rejection of All Bids” has been added.

- For Limited Bidding, the threshold for MCC review of “Bidding Documents” has been changed from contracts above \$500,000 to above \$1 million for goods and \$5 million for works.
- For Limited Bidding, the threshold for MCC review of “Bid Review Report with Proposed Award” has been changed from above \$1,000,000 to above \$1,000,000 for goods and \$5,000,000 for works.
- For Limited Bidding the threshold for MCC review of “Rejection of all bids” has been changed from “above \$1,000,000 for goods and above \$5,000,000 for works” to “All”.
- For Limited Bidding, the threshold for MCA Entity Governing Body review of the “Final Contract” has been changed from above \$1 million to “None.”
- For Shopping, the threshold for review of the “Record of Bid Challenges” has been amended from “Quarterly Record of Decisions” to “All.”
- For Quality and Cost Based Selection (QCBS), Quality Based Selection, Fixed Budget Selection, Least-Cost Selection, and Selection Based on Consultant’s Qualifications, “Technical Evaluation Panel” has been changed to “Technical Evaluation Panel Membership” and the threshold for MCC review of the membership has been changed from “None” to contracts above \$500,000.
- For QCBS, Quality Based Selection, Fixed Budget Selection, Least-Cost Selection, and Selection Based on Consultant’s Qualifications, a new requirement for review of “Rejection of All Proposals” has been added.
- For QCBS, the requirement for review of the “Proposed Award” has been deleted and a new requirement for review of the “Combined Evaluation Report” has been added.
- For QCBS, the threshold for review of the “Final Contract” by the MCA Entity Governing Body has been changed from above \$100,000 to “None.”
- For Quality Based Selection the requirement for review of the “Proposed Award” has been changed to “Review Report with Proposed Award” and the threshold for MCA Governing Entity review has been changed from above \$100,000 to above \$500,000.
- For Quality Based Selection the threshold for review of the “Final Contract” by the MCA Entity Governing Body has been changed from above \$100,000 to above \$500,000.
- For Least-Cost Selection and Selection Based on Consultant’s Qualifications, the requirement for review of the “Proposed Award” has been changed to “Review Report with Proposed Award”.
- For Selection Based on Consultant’s Qualifications, the requirement for review of “Standard Solicitation

Documents” has been deleted and a new requirement for review of “Proposal Documents” has been added.

- For Amendments to Procurement Plans “Substantial Deviation” has been changed to “Material Change” with an amended footnote: “Updates adding or increasing the value of a particular procurement by 25,000USD or more shall be submitted to the Governing Body of the MCA Entity and MCC for their approval” has been added.

For Schedule B

- Schedule B has been renamed “Programs/Compacts in Oversight” to reflect the “oversight model” of MCC approvals which is based on the idea of simplifying the review process by focusing MCC’s review of documents and processes more on after the fact action, rather than before the fact..
- For Competitive and Limited Bidding, a new requirement for review of “Bid Review Panel Membership” has been added.
- For the Competitive Bidding, “Bid Review Panel Membership” the MCC approval has been changed from “above \$1,000,000 goods and above 5.000,000 works ” to “None”
- For Limited Bidding, the threshold for MCC review of “Bid Review Report with Proposed Award” has been changed from above \$1,000,000 to above \$1,000,000 for goods and \$5,000,000 for works.
- For Competitive and Limited Bidding, a new requirement for review of “Rejection of All Bids” has been added.
- For Limited Bidding the threshold for MCC review of “Rejection of all bids” has been changed from “None” to “All”.
- For Competitive Bidding, the threshold for MCA Entity Governing Body review of the “Final Contract” has been changed from above \$250,000 to “None.”
- For Limited Bidding, the review requirement for “Short List Report” has been changed to “Report” and the threshold for MCC review of” has been changed from “None” to contracts above \$1 million for goods and \$5 million for works.
- For Limited Bidding, the threshold for MCC review of “Bidding Documents” has been changed from contracts above \$500,000 to above \$1 million for goods and \$5 million for works.
- For Limited Bidding, the “Bid Review Panel Membership” the MCC approval has been changed from “above \$1,000,000 goods and above 5.000,000 works ” to “None”.

- For Limited Bidding, the threshold for MCA Entity Governing Body review of the “Final Contract” has been changed from above \$1 million to “None.”
- For Shopping, the threshold for review of the “Record of Bid Challenges” has been amended from “Quarterly Record of Decisions” to “All.”
- For Direct Contracting, under Governing Body of MCA Entity, Proposed Award “None”, a new requirement, “Unless the proposed contract award value is more than 10% higher than the estimated award value in the approved Procurement Plan” has been added.
- For Force Account, under Governing Body of MCA Entity, Proposed Contract “None”, a new footnote requirement, “Unless the proposed contract award value is more than 10% higher than the estimated award value in the approved Procurement Plan” has been added.
- For QCBS, Quality Based Selection, Fixed Budget Selection, Least-Cost Selection and Selection Based on Consultant’s Qualifications, “Technical Evaluation Panel” has been changed to “Technical Evaluation Panel Membership” and the threshold for review by MCC has been changed from above \$500,000 “None”.
- For QCBS, Quality Based Selection, Least-Cost Selection and Selection Based on Consultant’s Qualifications, a new requirement for review of “Rejection of All Proposals” has been added.
- For QCBS, Quality Based Selection, Fixed Budget Selection, the threshold for MCC review of the “Short List report has been changed from “None” to contracts over \$500,000USD.
- For QCBS, the requirement for review of the “Proposed Award” has been deleted and a new requirement for review of the “Combined Evaluation Report” has been added.
- For QCBS, the threshold for review of the “Final Contract” by the MCA Entity Governing Body has been changed from above \$100,000 to “None.”
- For Fixed Budget Selection, the threshold for review of the “Final Contract” by the MCA Entity Governing Body has been changed from above \$100,000 to “None.”
- For Least-Cost Selection, a new requirement for “Rejection of all Proposals” has been added.
- For Selection Based on Consultant’s Qualifications and Individual Consultants, under Governing Body of MCA Entity, Review Report with Proposed Award “None”, a new footnote requirement, “Unless the proposed contract award value is more than 10% higher than the estimated award value in the approved Procurement Plan” has been added.

- For Least-Cost Selection, the requirement for review of the “Proposed Award” has been changed to “Review Report with Proposed Award” and the threshold for MCA Governing Entity review has been changed from above \$100,000 to “None.”
- For Selection Based on Consultant’s Qualifications, the requirement for review of “Standard Solicitation Documents” has been deleted and a new requirement for review of “Proposal Documents” has been added.
- For Selection Based on Consultant’s Qualifications, the threshold for review of the “Final Contract” by the MCA Governing Entity has been changed from above \$50,000 to “None.”
- For Individual Consultants, the threshold for review of the “Final Contract” by the MCA Entity Governing Body has been changed from contracts above \$50,000 to “None.”

Color-coded changes: New additions: (yellow highlight), Changes: (green highlight)

Attachment 1. Approval Requirements

Schedule A

Schedule A: Goods, Works and Non-Consultant Services				
		LEVEL OF APPROVAL (Thresholds expressed in USD)		
Procurement Procedure or Method	Decision ⁵	MCA Entity Director of Procurement	Governing Body of MCA Entity ⁶	MCC ⁷
	Procurement Plans	All	All	All
	Amendments to Procurement Plans	All	Material Change ⁸	Material Change ⁸
Pre-qualification	Pre-qualification documents and advertising procedures	All	None	Above 1,000,000USD
	Report with proposed list of entities qualified	All	Above 500,000USD	Above 500,000USD
	Record of Bid Challenges	All	All	All
Competitive Bidding	Bidding Documents	All	None	Above 1,000,000USD Goods Above 5,000,000USD Works
	Bid Review Panel Membership	All	None	Above 1,000,000USD Goods Above 5,000,000USD Works
	Bid Review Report with Proposed Award	All	None ⁹	Above 500,000USD
	Rejection of All Bids	All	None	All
	Final Contract	All	None ¹⁰	None ¹⁰
	Record of Bid Challenges	All	All	All

⁵ Within each "Procurement Procedure or Method," each separate "Decision" shown is an independent requirement, and all requisite approvals must be received for each such "Decision" before proceeding, sequentially from top to bottom, to the next "Decision" requirement.

⁶ Notwithstanding the thresholds for the Governing Body of the MCA Entity set forth in this Attachment 1, Schedule A, the Governing Body may exercise its authority to review any procurement decision with prior notice to the principal officer of the MCA Entity.

⁷ Notwithstanding the thresholds for the MCC set forth in this Attachment 1, Schedule A, the MCC may exercise its authority to review and approve any procurement decision with prior notice to the principal officer of the MCA Entity.

⁸ Updates adding or increasing the value of a particular procurement by 25,000USD or more shall be submitted to the Governing Body of the MCA Entity and MCC for their approval.

⁹ Unless contract has a substantial change in terms of legal clauses or technical requirements from the draft issued with bidding documents

¹⁰ Unless the proposed contract award value is more than 10% higher than the estimated award value in the approved Procurement Plan.

Schedule A: Goods, Works and Non-Consultant Services				
Procurement Procedure or Method	Decision ⁵	LEVEL OF APPROVAL (Thresholds expressed in USD)		
		MCA Entity Director of Procurement	Governing Body of MCA Entity ⁶	MCC ⁷
Limited Bidding	Short List Report	All	None	Above 100,000USD
	Bidding Documents	All	None	Above 1,000,000USD Goods Above 5,000,000USD Works
	Bid Review Panel Membership	All	None	Above 1,000,000USD Goods Above 5,000,000USD Works
	Bid Review Report with Proposed Award	All	None ⁹	Above 1,000,000USD Goods Above 5,000,000USD Works
	Rejection of All Bids	All	None	All
	Final Contract	All	None ¹⁰	None ¹⁰
	Record of Bid Challenges	All	All	All
Shopping	Evaluation Report	Over 2,000USD	None	None
	Record of Purchases	Weekly	Monthly	None
	Record of Bid Challenges	All	All	All
Direct Contracting	Proposed Award	Over 2,000USD	None ⁹	Above 50,000USD
	Final Contract	Over 2,000USD (Under 2,000USD review monthly report)	Above 50,000USD	Above 50,000USD
	Record of Bid Challenges	All	All	All
Force Account	Selection of using equipment owned by or employees of Government for performing works	All	All	All
	Proposed Contract	All	None ¹⁰	All
	Final contract	All	All	All

Schedule A: Goods, Works and Non-Consultant Services				
		LEVEL OF APPROVAL (Thresholds expressed in USD)		
Procurement Procedure or Method	Decision ⁵	MCA Entity Director of Procurement	Governing Body of MCA Entity ⁶	MCC ⁷
All Procurement Actions	Contract Modifications and Change Orders	All (Exception: If approval authority has been delegated to the FIDIC Engineer under and as defined in the applicable bidding documents, only approval of the FIDIC Engineer shall be required for changes within the FIDIC Engineer's delegated authority)	If individual contract mods/change orders (i) raise a contract which did not require approval above an approval threshold, or (ii) extend the original contract term by 25% or more without an increase in value, or (iii) increase the original contract value by 10% or more.	If individual or collective contract mods/change orders (i) raise the contract value of a contract that did not require approval above an approval threshold, or (ii) extend the original contract term by 25% or more without an increase in contract value or (iii) increase the original contract value by 10% or more. Once the 10% contract mod/change order threshold set in clause (iii) has been reached for a contract, any subsequent contract mods/change orders that individually or collectively exceed 3% of the original contract value will also require MCC approval.

	Schedule A: Consultant Services			
		LEVEL OF APPROVAL (Thresholds expressed in USD)		
Procurement Procedure or Method	Decision ⁵	MCA Entity Director of Procurement	Governing Body of MCA Entity ⁶	MCC ⁷
	Procurement Plans	All	All	All
	Amendments to Procurement Plans	All	Material Change ⁸	Material Change ⁸
Quality and Cost Based Selection (QCBS)	Request for Expression of Interest	All	None	None
	Technical Evaluation Panel Membership	All	None	Above 500,000USD
	Short List Report	All	None	Above 500,000USD
	Proposal Documents	All	None	Above 500,000USD
	Technical Evaluation Report	All	None	Above 500,000USD
	Rejection of all proposals	All	None	Above 500,000USD
	Combined Evaluation Report	All	None ⁹	Above 500,000USD
	Final Contract	All	None ¹⁰	None ¹⁰
	Record of Bid Challenges	All	All	All
Quality Based Selection (QBS)	Request for Expression of Interest	All	None	None
	Technical Evaluation Panel Membership	All	None	Above 500,000USD
	Short List Report	All	None	Above 500,000USD
	Rejection of all proposals	All	None	Above 500,000USD
	Review Report with Proposed Award	All	Above 500,000USD	Above 500,000USD
	Final Contract	All	Above 500,000USD	Above 500,000USD
	Record of Bid Challenges	All	All	All
Fixed Budget Selection (FBS)	Request for Expression of Interest	All	None	None
	Technical Evaluation Panel Membership	All	None	Above 500,000USD
	Short List Report	All	None	Above 500,000USD
	Proposal Documents	All	None	Above 500,000USD
	Technical Evaluation Report	All	None	Above 500,000USD
	Rejection of all proposals	All	None	Above 500,000USD
	Combined Evaluation Report	All	None ⁹	Above 500,000USD
	Final Contract	All	None ¹⁰	None ¹⁰
	Record of Bid Challenges	All	All	All

	Schedule A: Consultant Services			
		LEVEL OF APPROVAL (Thresholds expressed in USD)		
Procurement Procedure or Method	Decision ⁵	MCA Entity Director of Procurement	Governing Body of MCA Entity ⁶	MCC ⁷
Least-Cost Selection	Request for Expression of Interest	All	None	None
	Technical Evaluation Panel Membership	All	None	Above 500,000USD
	Short List Report	All	None	Above 500,000USD
	Proposal Documents	All	None	None
	Review Report with Proposed Award	All	None ⁹	Above 500,000USD
	Rejection of all proposals	All	None	Above 500,000USD
	Final Contract	All	None ¹⁰	None ¹⁰
	Record of Bid Challenges	All	All	All
Selection Based on Consultant's Qualifications	Request for Expression of Interest	All	None	None
	Technical Evaluation Panel Membership	All	None	Above 500,000 USD
	Short List Report	All	None	Above 500,000 USD
	Proposal Documents	All	None	None
	Technical Evaluation Report	All	None	None
	Rejection of All Proposals	All	None	Above 500,000 USD
	Review Report with Proposed Award	All	None	None
	Final Contract	All	Above 500,000 USD	Above 500,000 USD
	Record of Bid Challenges	All	All	All
Sole-Source Selection	Proposed Award	All	None	Above 50,000 USD
	Final Contract	All	Above 50,000 USD	Above 50,000 USD
	Record of Bid Challenges	All	All	All
Individual Consultants	Short List Report	All	None	Above 50,000 USD
	Technical Evaluation Panel	All	None	Above 50,000 USD
	Technical Evaluation Report	All	None	None
	Review Report with Proposed Award	All	None	None
	Final Contract	All	Above 50,000 USD	Above 50,000 USD
	Record of Bid Challenges	All	All	All

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	Schedule A: Consultant Services			
		LEVEL OF APPROVAL (Thresholds expressed in USD)		
Procurement Procedure or Method	Decision ⁵	MCA Entity Director of Procurement	Governing Body of MCA Entity ⁶	MCC ⁷
All Procurement Actions	Contract Modifications and Change Orders	All	If individual contract mods/change orders (i) raise a contract which did not require approval above an approval threshold, or (ii) extend the original contract term by 25% or more without an increase in value, or (iii) increase the original contract value by 10% or more.	If individual or collective contract mods/change orders (i) raise the contract value of a contract that did not require approval above an approval threshold, or (ii) extend the original contract term by 25% or more without an increase in contract value or (iii) increase the original contract value by 10% or more. Once the 10% contract mod/change order threshold set in clause (iii) has been reached for a contract, any subsequent contract mods/change orders that individually or collectively exceed 3% of the original contract value will also require MCC approval.

Schedule B - Programs/Compacts in Oversight 5678910

Schedule B: Goods, Works and Non-Consultant Services				
		LEVEL OF APPROVAL (Thresholds expressed in USD)		
Procurement Procedure or Method	Decision ¹¹	MCA Entity Director of Procurement	Governing Body of MCA Entity ¹²	MCC ¹³
	Procurement Plans	All	All	All
	Amendments to Procurement Plans	All	Material Change ¹⁴	Material Change ¹⁴
Pre-qualification	Pre-qualification documents and advertising procedures	All	None	None
	Report with proposed list of entities qualified	All	Above 500,000USD	None
	Record of Bid Challenges	All	All	All
Competitive Bidding	Bidding Documents	All	None	Above 1,000,000USD Goods Above 5,000,000USD Works
	Bid Review Panel Membership	All	None	None
	Bid Review Report with Proposed Award	All	None ¹⁵	Above 500,000USD
	Rejection of all bids	All	None	Above 1,000,000USD Goods Above 5,000,000USD Works
	Final Contract	All	None ¹⁶	None ¹⁶
	Record of Bid Challenges	All	All	All

¹¹ Within each "Procurement Procedure or Method," each separate "Decision" shown is an independent requirement, and all requisite approvals must be received for each such "Decision" before proceeding, sequentially from top to bottom, to the next "Decision" requirement.

¹² Notwithstanding the thresholds set forth in this Attachment 1, Schedule B of these Guidelines with respect to the Governing Body of the MCA Entity, the Governing Body may exercise its authority to review any procurement decision with prior notice to the principal officer of the MCA Entity.

¹³ Notwithstanding the thresholds set forth in this Attachment 1, Schedule B of these Guidelines with respect to the MCC, the MCC may exercise its authority to review and approve any procurement decision with prior notice to the principal officer of the MCA Entity.

¹⁴ Updates adding or increasing the value of a particular procurement by 25,000USD or more shall be submitted to the Governing Body of the MCA Entity and MCC for their approval.

¹⁵ Unless the proposed contract award value is more than 10% higher than the estimated value in the approved Procurement Plan.

¹⁶ Unless contract has a substantial change in terms of legal clauses or technical requirements from the draft issued with bidding documents.

Schedule B: Goods, Works and Non-Consultant Services				
		LEVEL OF APPROVAL (Thresholds expressed in USD)		
Procurement Procedure or Method	Decision ¹¹	MCA Entity Director of Procurement	Governing Body of MCA Entity ¹²	MCC ¹³
Limited Bidding	Short List Report	All	None	Above 1,000,000USD Goods Above 5,000,000USD Works
	Bidding Documents	All	None	Above 1,000,000USD Goods Above 5,000,000USD Works
	Bid Review Panel Membership	All	None	None
	Bid Review Report with Proposed Award	All	None¹⁵	Above 1,000,000USD Goods Above 5,000,000USD Works
	Rejection of all bids	All	None	All
	Final Contract	All	None¹⁴	None ¹⁶
	Record of Bid Challenges	All	All	All
Shopping	Evaluation Report	Over 2,000USD	None	None
	Record of Purchases	Weekly	Monthly	None
	Record of Bid Challenges	All	All	All
Direct Contracting	Proposed Award	Over 2,000USD	None ¹⁵	Above 50,000USD
	Final Contract	Over 2,000USD (Under 2,000USD review monthly report)	Above 50,000USD	Above 50,000USD
	Record of Bid Challenges	All	All	All
Force Account	Selection of using equipment owned by or employees of Government for performing works	All	All	All
	Proposed contract	All	None ¹⁵	All
	Final contract	All	All	All

Schedule B: Goods, Works and Non-Consultant Services				
		LEVEL OF APPROVAL (Thresholds expressed in USD)		
Procurement Procedure or Method	Decision ¹¹	MCA Entity Director of Procurement	Governing Body of MCA Entity ¹²	MCC ¹³
All Procurement Actions	Contract Modifications and Change Orders	All (Exception: If approval authority has been delegated to the FIDIC Engineer under and as defined in the applicable bidding documents, only approval of the FIDIC Engineer shall be required for changes within the FIDIC Engineer's delegated authority)	If individual contract mods/change orders (i) raise a contract which did not require approval above an approval threshold, or (ii) extend the original contract term by 25% or more without an increase in value, or (iii) increase the original contract value by 10% or more.	If individual or collective contract mods/change orders (i) raise the contract value of a contract that did not require approval above an approval threshold, or (ii) extend the original contract term by 25% or more without an increase in contract value or (iii) increase the original contract value by 10% or more. Once the 10% contract mod/change order threshold set in clause (iii) has been reached for a contract, any subsequent contract mods/change orders that individually or collectively exceed 3% of the original contract value will also require MCC approval.

Schedule B: Consultant Services				
		LEVEL OF APPROVAL (Thresholds expressed in USD)		
Procurement Procedure or Method	Decision ¹¹	MCA Entity Director of Procurement	Governing Body of MCA Entity ¹²	MCC ¹³
	Procurement Plans	All	All	All
	Amendments to Procurement Plans	All	Material Change ¹⁴	Material Change ¹⁴
Quality and Cost Based Selection (QCBS)	Request for Expression of Interest	All	None	None
	Technical Evaluation Panel Membership	All	None	None
	Short List Report	All	None	Above 500,000USD
	Proposal Documents	All	None	Above 500,000USD
	Technical Evaluation Report	All	None	Above 500,000USD
	Rejection of all proposals	All	None	Above 500,000USD
	Combined Evaluation Report	All	None ¹⁵	None
	Final Contract	All	None ¹⁶	None ¹⁶
	Record of Bid Challenges	All	All	All
Quality Based Selection (QBS)	Request for Expression of Interest	All	None	None
	Technical Evaluation Panel Membership	All	None	None
	Short List Report	All	None	Above 500,000USD
	Rejection of all proposals	All	None	Above 500,000USD
	Review Report with Proposed Award	All	Above 500,000USD	Above 500,000USD
	Final Contract	All	Above 500,000USD	Above 500,000USD
	Record of Bid Challenges	All	All	All

Schedule B: Consultant Services				
		LEVEL OF APPROVAL (Thresholds expressed in USD)		
Procurement Procedure or Method	Decision ¹¹	MCA Entity Director of Procurement	Governing Body of MCA Entity ¹²	MCC ¹³
Fixed Budget Selection (FBS)	Request for Expression of Interest	All	None	None
	Technical Evaluation Panel Membership	All	None	None
	Short List Report	All	None	Above 500,000USD
	Proposal Documents	All	None	Above 500,000USD
	Technical Evaluation Report	All	None	Above 500,000USD
	Rejection of all proposals	All	None	Above 500,000USD
	Combined Evaluation Report	All	None	None
	Final Contract	All	None ¹⁶	None ¹⁶
	Record of Bid Challenges	All	All	All
Least-Cost Selection	Request for Expression of Interest	All	None	None
	Technical Evaluation Panel Membership	All	None	None
	Short List Report	All	None	None
	Proposal Documents	All	None	None
	Review Report with Proposed Award	All	None ¹⁵	None
	Rejection of all proposals	All	None	Above 500,000USD
	Final Contract	All	None ¹⁶	None ¹⁶
	Record of Bid Challenges	All	All	All
Selection Based on Consultant's Qualifications	Request for Expression of Interest	All	None	None
	Technical Evaluation Panel Membership	All	None	None
	Short List Report	All	None	None
	Proposal Documents	All	None	None
	Technical Evaluation Report	All	None	Above 500,000USD
	Rejection of all proposals	All	None	Above 500,000USD
	Review Report with Proposed Award	All	None ¹⁵	None
	Final Contract	All	None	None
	Record of Bid Challenges	All	All	All

Schedule B: Consultant Services				
		LEVEL OF APPROVAL (Thresholds expressed in USD)		
Procurement Procedure or Method	Decision ¹¹	MCA Entity Director of Procurement	Governing Body of MCA Entity ¹²	MCC ¹³
Sole-Source Selection	Proposed Award	All	None	Above 50,000USD
	Final Contract	All	Above 50,000USD	Above 50,000USD
	Record of Bid Challenges	All	All	All
Individual Consultants	Short List Report	All	None	None
	Technical Evaluation Panel	All	None	None
	Technical Evaluation Report	All	None	None
	Review Report with Proposed Award	All	None ¹⁵	None
	Final Contract	All	None	None
	Record of Bid Challenges	All	All	All
All Procurement Actions	Contract Modifications and Change Orders	All	If individual contract mods/change orders (i) raise a contract which did not require approval above an approval threshold, or (ii) extend the original contract term by 25% or more without an increase in value, or (iii) increase the original contract value by 10% or more.	If individual or collective contract mods/change orders (i) raise the contract value of a contract that did not require approval above an approval threshold, or (ii) extend the original contract term by 25% or more without an increase in contract value or (iii) increase the original contract value by 10% or more. Once the 10% contract mod/change order threshold set in clause (iii) has been reached for a contract, any subsequent contract mods/change orders that individually or collectively exceed 3% of the original contract value will also require MCC approval.

Attachment 12. Financial Eligibility Criteria for Pre and Post Qualification of Large Works Contractors

Cash Flow Requirement

The amount of cash flow required depends heavily on the value of the contract works and should cover six (6) months cash flow needs under the contract in question. The 2008 CFMA Annual Survey does not provide data on this criterion; however, the backlog to working capital (see page 108) could help bring this in focus.

Average Annual Construction Turnover

The Contract Revenue sub-category in the 2008 CFMA Annual Survey would correspond to the Construction Turnover line in the composite Statement of Earnings in the survey. The minimum turnover called for in the bidding documents will depend upon the size and complexity of the works being bid. A general rule that MCC has used is that the contractor should have a minimum Average Annual Construction Turnover double the proposed contract amount.

Value of Comparable Contracts

...As a general rule, MCC has recommended that contractors have similar experience in the last two (2) to three (3) years involving two (2) or more contracts each with value at least 75-80% the amount of the expected award

Backlog to Working Capital

This ratio indicates the relationship between signed or committed work (backlog) and working capital (current assets minus current liabilities).

Quick Ratio

The quick (aka acid test) ratio (current assets without inventories minus current liabilities) is a more rigorous test of a contractor's access to liquidity than the working capital ratio, primarily because the working capital ratio allows for the inclusion of inventory that may disguise a shortage of cash.

Attachment 14 Bid Review and Technical Evaluation Panels

Bid Review and Technical Evaluation Panels. Attachment 14 has been amended to require that consensus will be used to reach the final scoring in the bid review process.

Conflict of Interest of Panel Members

Each member of the panel, including any auxiliary members, the Procurement Agent, the procurement director and any observer or anyone provided procurement sensitive information must sign an Impartiality and

Confidentiality Declaration and that this be documented in the evaluation report.

Approval of Panel Members

The Procurement Agent is responsible for conducting an initial review and approval of the technical members of the panel proposed by the MCA Entity. For procurements valued above the thresholds listed in Attachment 1 (Approval Requirements) Schedule A: Goods, Works and Non-Consultant Services and Consultant Services, MCC must approve the panel members. MCC may opt-in, as necessary, for approval of panel members for those projects under Schedule B: Goods, Works and Non-Consultant Services and Consultant Services. The MCA Entity shall submit, for MCC approval of a panel member, their Curriculum Vitae or a list of the candidate's qualifications.

Appendices

Appendices 1 and 2 in Section 1.A and Appendices 1, 2 and 3 in Section 1.B have been deleted. The "post review" requirements in Appendix 1 of Section 1.A and Appendix 1 of Section 1.B were moved to the new Part 13, "Records and Post Review." The provisions in Substance of 1.A Appendix 2 of Section 1.A and Appendix 3 of Section 1.B which direct bidders to the MCC website were moved to Part 8.

II. Effective Date

This new edition of the Program Procurement Guidelines is applicable to all procurements beginning after the effective date of this revision. Procurement begins when the Specific Procurement Notice (SPN) is issued. Procurements that began before the effective date of this revision continue to be governed by the July 21, 2008 Edition of the Guidelines or other Guidelines applicable to the procurement.

III. For Further Information – The PPG Email Box

We are also pleased to announce that we have established a PPG Email box for your questions and comments. Please email us at mccppg@mcc.gov